

VICTORY CHARTER SCHOOL TAMPA 6-12, INC.
HILLSBOROUGH, FLORIDA
(A Charter School and Component Unit of the School Board
of Hillsborough County, Florida)

BASIC FINANCIAL STATEMENTS, INDEPENDENT
AUDITOR'S REPORT AND SUPPLEMENTAL
INFORMATION

JUNE 30, 2023

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
BASIC FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
JUNE 30, 2023

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VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
(A Charter School and Component Unit of the School Board of Hillsborough County, Florida)

13901 Sheldon Road
Tampa, FL 33626
(813) 551-2144

2022-2023

BOARD OF DIRECTORS

Mr. Robert Peters, Board Chair
Ms. Elaine Perez
Mr. Nabin Timislina
Ms. Jomarie Martinez
Ms. Karilyn Bacallao
Mr. Antonio Cejas

SCHOOL ADMINISTRATION

Mr. Artur Glants, Principal



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Victory Charter School Tampa 6-12, Inc.
Hillsborough, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Victory Charter School Tampa 6-12, Inc. (the "School"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Victory Charter School Tampa 6-12, Inc., as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Gutierrez Madariaga, CPA P.A.
GUTIERREZ MADARIAGA, CPA P.A.
Coral Gables, Florida
October 9, 2023

Management’s Discussion and Analysis
Victory Charter School Tampa 6-12, Inc.
June 30, 2023

The corporate officers of Victory Charter School Tampa 6-12, Inc. (the “School”) have prepared this narrative overview and analysis of the School’s financial activities for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

1. The fiscal year ended June 30, 2023 was the School’s first year of operations.
2. The School had an increase in net position and fund balance of \$70,220.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School’s basic financial statements. The School’s financial statements for the year ended June 30, 2023 are presented in accordance with GASB Codification Section 2200. The financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the School’s assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The difference is reported as *net position*. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the School is improving or deteriorating.

The *Statement of Activities* presents information on how the School’s net position changed during the fiscal year. All changes in net assets are reported as soon as the underlying event resulting in the change occurs, without regard to the timing of related cash flows. Accordingly, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9 – 10 of this report.

Fund Financial Statements

A “fund” is a collection of related accounts grouped to maintain control over resources that have been segregated for specific activities, projects, or objectives. The School, like other state and local governments, uses fund accounting to ensure and report compliance with finance-related legal requirements. All of the funds of the School are governmental funds. *Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

Governmental Fund financial statements, however, focus on *near-term* inflows and outflows of spendable resources, as well as on the balances of spendable resources which are available at the end of the fiscal year. Such information may be used to evaluate a government’s requirements for near-term financing.

Prior to the start of the School’s fiscal year, the Board of the School adopts an annual budget for its general and special revenue fund. A budgetary comparison statement has been provided for the School’s governmental funds to demonstrate compliance with the School’s budget. The basic governmental fund financial statements can be found on pages 11 – 14 of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 15 – 20 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, over time, net position may serve as a useful indicator of a school’s financial position. A summary of the School’s net position as of June 30, 2023:

| Assets | <u>2023</u> |
|----------------------------------------------------|-------------------|
| Cash and cash equivalents | \$ 145,082 |
| Due from related party | <u>55,000</u> |
| Total Assets | <u>\$ 200,082</u> |
| Liabilities and Net Position | |
| Accounts and wages payable and accrued liabilities | <u>\$ 129,862</u> |
| Total Liabilities | 129,862 |
| Unrestricted | <u>70,220</u> |
| Total Net Position | <u>70,220</u> |
| Total Liabilities and Net Position | <u>\$ 200,082</u> |

At June 30, 2023, the School’s total assets were \$200,082 and total liabilities were \$129,862 with an ending net position of \$70,220.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A summary and analysis of the School's revenues and expenses for the year ended June 30, 2023 follows:

| REVENUES | <u>2023</u> |
|------------------------------------------|-------------------|
| General Revenues | |
| FEFP nonspecific revenues | \$ 888,676 |
| Fundraising and other revenue | <u>2,449</u> |
| Total Revenues | <u>\$ 891,125</u> |
| | |
| EXPENSES | |
| Instruction | \$ 393,393 |
| Instructional support services | 11,351 |
| Instructional curriculum development | 1,059 |
| General administration | 44,615 |
| School administration | 73,508 |
| Fiscal services | 114 |
| Food services | 10,767 |
| School board | 12,000 |
| Operation of plant | 195,364 |
| Maintenance of plant | 60,049 |
| Administrative technology services | <u>18,685</u> |
| Total Expenses | <u>\$ 820,905</u> |
| | |
| Change in Net Position | 70,220 |
| | |
| Net Position at Beginning of Year | <u>-</u> |
| Net Position at End of Year | <u>\$ 70,220</u> |

The School's total revenues for the year ended June 30, 2023 were \$891,125, while its total expenses were \$820,905, for a net increase of \$70,220.

SCHOOL LOCATION

The School operates in the Tampa area located at 13901 Sheldon Road in Tampa, FL 33609.

REQUESTS FOR INFORMATION

This financial report is intended to provide a general overview of the finances of the School. Requests for additional information may be addressed to Jeffrey Hernandez at the School's address.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the School's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the School's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School's governmental funds reported a net increase in its fund balance of \$70,220 for the fiscal year ending June 30, 2023 and the School reported a combined ending positive fund balance of \$70,220.

GENERAL FUND BUDGET ANALYSIS

Prior to the start of the School's fiscal year, the Board of the School adopted an annual budget. A budgetary comparison statement has been provided for the governmental funds to demonstrate compliance with the School's budget.

| | All Governmental Funds | | |
|-------------------------------------------------------|------------------------|-----------------|------------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| State passed through local | \$ 806,391 | \$ 806,391 | \$ 888,676 |
| Other income | 28,000 | 28,000 | 2,449 |
| TOTAL REVENUES | 834,391 | 834,391 | 891,125 |
| EXPENDITURES | | | |
| Instruction | 414,216 | 414,216 | 393,393 |
| Instructional support services | 1,500 | 1,500 | 11,351 |
| Instruction and curriculum development services | 1,500 | 1,500 | - |
| Instructional curriculum development | - | - | 1,059 |
| Instruction-related technology | 9,000 | 9,000 | - |
| Board | 1,000 | 1,000 | 12,000 |
| General administrative - district administrative fee | 38,970 | 38,970 | 42,144 |
| General administrative - other | 7,000 | 7,000 | 2,471 |
| School administration | 65,250 | 65,250 | 73,508 |
| Other capital outlay | 46,740 | 46,740 | - |
| Food services | - | - | 10,767 |
| Fiscal services | 227,800 | 227,800 | 114 |
| Operation of plant | 12,000 | 12,000 | 195,364 |
| Maintenance of plant | 4,968 | 4,968 | 60,049 |
| Administrative technology services | - | - | 18,685 |
| TOTAL EXPENDITURES | 829,944 | 829,944 | 820,905 |
| Change in fund balance before other financing source: | 4,447 | 4,447 | 70,220 |
| Other financing sources | - | - | - |
| Net change in fund balance | \$ 4,447 | \$ 4,447 | \$ 70,220 |

The budget for the fiscal year ended June 30, 2023, was developed based on the School's anticipated revenues and expenditures and the expected student population for the school year. Actual results may differ from estimates.

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
STATEMENT OF NET POSITION
JUNE 30, 2023

| | <u>Governmental Activities</u> |
|-------------------------------------------|------------------------------------|
| ASSETS | |
| CURRENT ASSETS | |
| Cash and cash equivalents | \$ 145,082 |
| Due from related party | <u>55,000</u> |
| TOTAL CURRENT ASSETS | 200,082 |
| | |
| TOTAL ASSETS | <u>\$ 200,082</u> |
| LIABILITIES AND NET POSITION | |
| LIABILITIES | |
| Accounts payable and accrued liabilities | \$ 91,392 |
| Accrued wages payable | <u>38,470</u> |
| TOTAL CURRENT LIABILITIES | 129,862 |
| | |
| TOTAL LIABILITIES | <u>129,862</u> |
| | |
| NET POSITION | |
| Unrestricted | <u>70,220</u> |
| TOTAL NET POSITION | <u>70,220</u> |
| | |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 200,082</u> |

The accompanying notes are an integral part of this financial statement.

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

| Functions | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--------------------------------------|-------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Governmental Activities: | | | | | |
| Instruction | \$ 393,393 | \$ - | \$ - | \$ - | \$ (393,393) |
| Instructional support services | 11,351 | - | - | - | (11,351) |
| Instructional curriculum development | 1,059 | - | - | - | (1,059) |
| Board | 12,000 | - | - | - | (12,000) |
| General administrative - District | 42,144 | - | - | - | (42,144) |
| General administrative - other | 2,471 | - | - | - | (2,471) |
| School administration | 73,508 | - | - | - | (73,508) |
| Food services | 10,767 | - | - | - | (10,767) |
| Fiscal services | 114 | - | - | - | (114) |
| Operation of plant | 195,364 | - | - | - | (195,364) |
| Maintenance of plant | 60,049 | - | - | - | (60,049) |
| Administrative technology services | 18,685 | - | - | - | (18,685) |
| Total Governmental Activities | \$ 820,905 | \$ - | \$ - | \$ - | \$ (820,905) |

GENERAL REVENUES:

| | |
|-------------------------------------------------------|----------------|
| Government grants not restricted to specific programs | 888,676 |
| Contributions and other income | 2,449 |
| Total general revenues | <u>891,125</u> |

Change in Net Position 70,220

NET POSITION - BEGINNING -

NET POSITION - ENDING \$ 70,220

The accompanying notes are an integral part of this financial statement.

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Total Governmental Funds</u> |
|------------------------------------------|-----------------------|-----------------------------|---------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 145,082 | \$ - | \$ 145,082 |
| Due from related party | 55,000 | - | 55,000 |
| Due from other agencies | - | - | - |
| Due from internal funds | - | - | - |
| TOTAL ASSETS | <u>\$ 200,082</u> | <u>\$ -</u> | <u>\$ 200,082</u> |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | \$ 91,392 | \$ - | \$ 91,392 |
| Accrued wages payable | 38,470 | - | 38,470 |
| TOTAL LIABILITIES | <u>129,862</u> | <u>-</u> | <u>129,862</u> |
| FUND BALANCE | | | |
| Unassigned | <u>70,220</u> | <u>-</u> | <u>70,220</u> |
| TOTAL FUND BALANCE | <u>70,220</u> | <u>\$ -</u> | <u>70,220</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 200,082</u> | <u>\$ -</u> | <u>\$ 200,082</u> |

The accompanying notes are an integral of this financial statement.

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT
OF NET POSTION
FOR THE YEAR ENDED JUNE 30, 2023

| | | |
|----------------------------------------------|----|---------------|
| Total Fund Balance - Governmental Funds | \$ | 70,220 |
| There are no reconciling items in the period | | |
| Total Net Position - Governmental Activities | \$ | <u>70,220</u> |

The accompanying notes are an integral part of this financial statement.

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

| | General Funds | Capital Projects Fund | Special Revenue Fund | Total Governmental Funds |
|------------------------------------------------------|-------------------|--------------------------|----------------------------|--------------------------------|
| REVENUES | | | | |
| State passed through local | \$ 888,676 | \$ - | \$ - | \$ 888,676 |
| Other income | 2,449 | - | - | 2,449 |
| TOTAL REVENUES | \$ 891,125 | \$ - | \$ - | \$ 891,125 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | \$ 393,393 | \$ - | \$ - | \$ 393,393 |
| Instructional support services | 11,351 | - | - | 11,351 |
| Instructional curriculum development | 1,059 | - | - | 1,059 |
| Board | 12,000 | - | - | 12,000 |
| General administrative - district administrative fee | 42,144 | - | - | 42,144 |
| General administrative - other | 2,471 | - | - | 2,471 |
| School administration | 73,508 | - | - | 73,508 |
| Food services | 10,767 | - | - | 10,767 |
| Fiscal services | 114 | - | - | 114 |
| Operation of plant | 195,364 | - | - | 195,364 |
| Maintenance of plant | 60,049 | - | - | 60,049 |
| Administrative technology services | 18,685 | - | - | 18,685 |
| TOTAL EXPENDITURES | \$ 820,905 | \$ - | \$ - | \$ 820,905 |
| Excess of revenues over expenditures | 70,220 | - | - | 70,220 |
| Other Financing Sources | | | | |
| Other financing sources | - | - | - | - |
| Total Other Financing Sources | - | - | - | - |
| Net change in fund balance | 70,220 | - | - | 70,220 |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | \$ 70,220 | \$ - | \$ - | \$ 70,220 |

The accompanying notes are an integral part of this financial statement.

**VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Change in Fund Balance - Governmental Funds \$ 70,220

There no reconciling items in the current period.

Change in Net Position of Governmental Activities \$ 70,220

The accompanying notes are an integral part of this financial statement.

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – ORGANIZATION AND OPERATIONS

Reporting Entity

Victory Charter School Tampa 6-12 (the “School”) is a charter school under Victory Charter School Tampa 6-12, Inc. and is a component unit of the School Board of Hillsborough County, Florida (the “District”). The School’s charter is held by Victory Charter School of Tampa 6-12, Inc., a not-for-profit corporation, organized pursuant to Chapter 617, Florida Statutes, the Florida Not For Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the not-for-profit corporation Board of Directors which is comprised of six members.

The general operating authority of the School is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, the District School Board of Hillsborough County, Florida (the “District”). The current charter is effective until June 30, 2027. At the end of the term of the charter, the School Board may choose not to renew the charter under grounds specified in the charter, in which case the School Board is required to notify the School in writing at least 90 days prior to the School’s expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The charter may be renewed for up to an additional 15 years by mutual agreement.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Based on the guidance provided in the American Institute of Certified Public Accountants Audit and Accounting Guide – Audits per State and Local Governments and provisions of Florida Statutes, the School is presented as a governmental organization for financial statement reporting purposes under standards set by the Government Auditing Standards Board (“GASB”).

Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report information for the School as a whole. Both statements report only governmental activities as the School does not engage in any business type activities. These statements do not include fiduciary funds.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, (2) operating grants and contributions which finance annual operating activities, and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Fund financial statements are provided for governmental funds. The operations of the funds are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Major individual governmental funds, namely, the general, special revenue and capital project funds are reported as separate columns in the fund financial statements:

General Fund – is the School’s primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service and capital projects.

Capital Projects Fund – used to account for financial resources used for the acquisition or construction of major capital facilities and for the proceeds and related expenditures of charter school capital outlay funding.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the School are prepared in accordance with generally accepted accounting principles (GAAP). The School’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) *Codification of Accounting and Financial Reporting Guidelines*.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues from non-exchange transactions are reported according to Governmental Accounting Standards Board (GASB) Codification Section 1600.111 and Section N50 “*Accounting and Financial Reporting for Non-Exchange Transactions*”. On the accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School considers revenues to be available if they are collected within 90 days of the end of the fiscal year. Florida Education Finance Program (FEFP) revenues are recognized when received. A one-year availability period is used for revenue recognition for all other governmental fund revenues. When grant terms provide that the expenditure of funds is the prime factor for determining eligibility for federal, state, and other grant funds, revenue is recognized at the time the expenditure is made. Expenditures are recorded when the related fund liability is incurred, except for long-term debt principal and interest which are reported as expenditures in the year due.

Budgetary Basis Accounting

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay). Any revisions to the annual budget are approved by the Board.

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The School’s cash is considered to be cash on hand and demand deposits, with original maturities of three months or less.

Accounts receivable

Accounts receivable consists of after school care fees pending to be collected. Any bad debts are expensed in the subsequent period when they are determined to be uncollectible.

Due from Other Agencies

Due from other agency consists of amounts due from other governmental units for revenues from federal, federal through state, state or other sources.

Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. The School capitalization levels are \$750 on tangible personal property. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the costs and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

| | |
|---------------------------------|----------|
| Furniture and equipment | 5 Years |
| Computer equipment and software | 7 Years |
| Building and improvements | 39 Years |

Compensated Absences

The School grants a specific number of days of sick/personal leave. Full-time employees are eligible for one day per month to up to ten days of active work during the ten-month period (a “benefit year”). In the event that available time is not used by the end of the benefit year, employees may “rollover” all unused days for use in future benefit years. There is an opportunity to “cash out” unused sick days; however, the employees may only cash out if they have used three days or less of their sick leave in that benefit year. Employees may not cash out more than ten days per school year and are required to always maintain a minimum of twenty-one unused days. The cash value is eighty percent of their current daily rate. There is no termination payment for accumulated unused sick days.

GASB Codification Section C60, *Accounting for Compensated Absences*, provides that compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Accordingly, these financial statements do not include an accrual for compensated absences available to be used in future benefit years.

The School also provides certain days to be used for specific personal matters such as family death and jury duty. Because the use of such days is contingent upon those events taking place and such events are out of the control of both the employer and the employee, there is no accrual for such days.

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Fund Net Assets

Government-wide fund net assets are divided into three components:

- Net investment in capital assets – consists of the historical cost capital assets less accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition or improvement of those assets plus deferred outflows of resources less deferred inflows of resources. The net investment in capital assets for the year ending June 30, 2023 was a 0.
- Restricted net assets – consists of net assets with constraints placed on their use either by external groups such as creditors, grantors, contributors or laws or regulations of other governments less related liabilities and deferred inflows of resources. The restricted net position for the year ending June 30, 2023 was \$0.
- Unrestricted – all other net position is reported in this category.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – fund balance associated with inventories, prepaid expenses, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). At June 30, 2023, the School had \$0 in nonspendable fund balance.
- Restricted – fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2023, there was no restricted fund balance.
- Committed – fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School’s Board of Directors. At June 30, 2023, there was no committed fund balance.
- Assigned – fund balance classification is intended to be used by the School’s management for specific purposes but does not meet the criteria to be classified as restricted or committed. At June 30, 2023, there was no assigned fund balance.
- Unassigned – fund balance is the residual classification for the School’s general fund and includes all spendable amounts not contained in the other classifications.

Order of Fund Balance Spending Policy

The School’s policy is to apply expenditures against non-spendable fund balance, restricted fund balance, and committed fund balance at the end of the fiscal year by adjusting journal entries. First, non-spendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then, any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purposes amounts exceed the positive fund balance for the non-general fund. As of June 30, 2023, there are no minimum fund balance requirements for any of the School’s funds.

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sources

Revenues for operations will be received primarily from the District School Board of Hillsborough County (the “School Board”) pursuant to the funding provisions included in the School's charter. The basic amount of funding through the FEFP under section 1011.62 is the product of (1) the School’s unweighted FTE, multiplied by (2) the cost factor for each program, multiplied by (3) the base student allocation established by the legislature. Additional funds for exceptional students who do not have a matrix of services are provided through the guaranteed allocation designated in Section 1011.62(1)(e)2., Florida Statutes. For the 2021-2023 school year the School reported 119.97 un-weighted FTE. Weighted funding represented approximately .1299% of total FEFP funding.

FEFP funding may also be adjusted as a result of subsequent FTE audits conducted by the Auditor General pursuant to Section 1010.305, Florida Statutes, and Rule 6A-1.0453, Florida Administrative Code (FAC). Schools are required to maintain the following documentation for three years or until the completion of the FTE audit:

- Attendance and membership documentation (Rule 6A-1.044, FAC)
- Teacher certificates and other certification documentation (Rule 6A-1.0503, FAC)
- Procedural safeguards for weighted programs (Rule 6A-6.03411, FAC)
- Evaluation and planning documents for weighted programs (Section 1011.62(1)(e), FS, and Rule 6A-6.03411, FAC)

In addition, the School may receive an annual allocation of charter school capital outlay funds for leasing of School facilities.

The School may also receive federal awards for the enhancement of various educational programs. Federal awards are generally received based on applications submitted to and approved by various granting agencies. For federal awards in which a claim to these grant proceeds is based on incurring eligible expenditures, revenue is recognized to the extent that eligible expenditures have been incurred. Any excess amounts are recorded as deferred revenues until expensed. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

Income Taxes

The School is a division of a nonprofit corporation. The School qualifies as a tax exempt organization under the Internal Revenue Code Section 501(c)(3), and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated subsequent events and transactions for potential recognition or disclosure through October 9, 2023, which is the date the financial statements were available to be issued.

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 3 – COMMITMENTS AND CONTINGENCIES

The School entered into a management agreement with National Academic Educational Partners, Inc. (“NAEP”) to provide professional management and consulting services to the School. In its capacity, as the School’s management company, NAEP manages the day to day educational, financial and operational affairs and aspects of the School. NAEP makes recommendations to the School’s independent board of directors which make the final determinations regarding polices and contracts.

In providing these management services to the School, officers of NAEP may not serve as members of the Board of Directors of the School. The agreement began on July 1, 2022, and is in effect through June 30, 2027 with an option to renew. The contract can be terminated by either party with 60 days’ notice. The contract calls for a management fees of 10% of full time equivalent (FTE) revenues based on the School’s enrollment for the fiscal year ended June 30, 2023 and for 12% for fiscal years thereafter. During the year-ended June 30, 2023, the School forgave all management fees and no amounts were due to NAEP at June 30, 2023.

Facilities:

The School currently shares its facilities with Victory Charter School of Tampa. The space was allocated based on enrollment per school. During the year ended June 30, 2023, the School incurred total rent expenditures of \$108,206.

NOTE 4 –ADVANCES TO RELATED PARTY

The School advanced \$55,000 to Victory Charter School of Tampa, a related party. The purpose of the advance is to provide the School with funding to be used to pay up-front costs for expenditures that are reimbursable with the Elementary and Secondary School Emergency Relief (ESSER) funds. The advance does not have a maturity date and is non-interest bearing.

NOTE 5 – DEPOSITS POLICY AND CREDIT RISK

It is the School’s policy to maintain its cash and cash equivalents in one financial institution. Deposits at FDIC-insured financial institutions are insured up to \$250,000 per depositor, per financial institution. The School is a charter school under Victory Charter School of Tampa 6-12, Inc. All bank accounts are opened under the account ownership of Victory Charter School of Tampa 6-12, Inc., therefore, bank balances at times may potentially be in excess of FDIC coverage. As of June 30, 2023 the School’s bank balance did not exceed the FDIC coverage was \$0.

NOTE 6 – GRANTS

In the normal course of operations, the School receives grant funds from various federal, state and local agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not reflected in these financial statements.

NOTE 7 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, thefts of, damage to and destruction of assets, errors and omissions, and natural disasters for which the School carries commercial insurance. Settlement amounts have not exceeded insurance coverage in the past. In addition, there were no reductions in insurance coverage from those in the prior year. The School does not sponsor a public entity risk pool and has had no settlements that have exceeded their insurance coverage.

REQUIRED SUPPLEMENTAL INFORMATION

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

| | General Fund | | |
|-------------------------------------------------------|--------------------|-----------------|------------------|
| | Original Budget | Final Budget | Actual |
| REVENUES | | | |
| State passed through local | \$ 806,391 | \$ 806,391 | \$ 888,676 |
| Other income | 28,000 | 28,000 | 2,449 |
| TOTAL REVENUES | 834,391 | 834,391 | 891,125 |
| EXPENDITURES | | | |
| Instruction | 414,216 | 414,216 | 393,393 |
| Instructional support services | 1,500 | 1,500 | 11,351 |
| Instruction and curriculum development services | 1,500 | 1,500 | - |
| Instructional curriculum development | - | - | 1,059 |
| Instruction-related technology | 9,000 | 9,000 | - |
| Board | 1,000 | 1,000 | 12,000 |
| General administrative - district administrative fee | 38,970 | 38,970 | 42,144 |
| General administrative - other | 7,000 | 7,000 | 2,471 |
| School administration | 65,250 | 65,250 | 73,508 |
| Food services | 46,740 | 46,740 | 10,767 |
| Fiscal services | - | - | 114 |
| Operation of plant | 227,800 | 227,800 | 195,364 |
| Maintenance of plant | 12,000 | 12,000 | 60,049 |
| Administrative technology services | 4,968 | 4,968 | 18,685 |
| TOTAL EXPENDITURES | 829,944 | 829,944 | 820,905 |
| Change in fund balance before other financing sources | 4,447 | 4,447 | 70,220 |
| Other financing sources | - | - | - |
| Net change in fund balance | \$ 4,447 | \$ 4,447 | \$ 70,220 |

See accompanying note to the required supplemental information.

VICTORY CHARTER SCHOOL OF TAMPA 6-12, INC.
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BUDGETARY INFORMATION

Budgetary Basis of Accounting

The School's annual budget is adopted for the entire operations at the combined governmental level and may be amended by the Board. The budget presented for the year ended June 30, 2023, has been amended according to Board procedures. During the fiscal year, expenditures were controlled at the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general and special revenue funds for which a legally adopted budget exists.

Budgets are presented on the modified accrual basis of accounting. During the fiscal year, expenditures were controlled at the object level (e.g., salaries, purchased services, and capital outlay).

INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors of
Victory Charter School Tampa 6-12, Inc.
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Victory Charter School Tampa 6-12, Inc. (the "School"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 9, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gutierrez Madariaga, CPA P.A.

GUTIERREZ MADARIAGA, CPA P.A.

Coral Gables, Florida

October 9, 2023



GUTIERREZ MADARIAGA

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

MANAGEMENT LETTER

Board of Directors of
Victory Charter School Tampa 6-12, Inc.
Tampa, Florida

Report on the Financial Statements

We have audited the financial statements of Victory Charter School Tampa 6-12, Inc. (the “School”), as of and for the fiscal year ended June 30, 2023, and have issued our report thereon dated October 9, 2023.

Auditor’s Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated October 9, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings or recommendations in the previous year as this was the first year of operations.

Official Title

Section 10.854(1)(e)5, Rules of the Auditor General, requires the name or official title of the entity and the School code assigned by the Florida Department of Education be disclosed in this management letter. The official title of the entity is Victory Charter School Tampa 6-12, Inc., #297850.

Financial Condition and Management

Sections 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, requires us to apply appropriate procedures and communicate whether or not Victory Charter School Tampa 6-12 has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by them. The financial condition assessment procedures applied in connection with our audit, have led us to believe that the School's overall financial condition as of June 30, 2023 is not deteriorating.

Section 10.854(1)(e)3., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its website the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its website the information specified in Section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, applicable management, and Victory Charter School Tampa 6-12, Inc., and is not intended to be and should not be used by anyone other than these specified parties.

Gutierrez Madariaga, CPA P.A.

GUTIERREZ MADARIAGA, CPA P.A.

Coral Gables, Florida

October 9, 2023